

approved on 2/28/08

SMALL BUSINESS LOAN FUND CORPORATION

MINUTES OF THE BOARD OF DIRECTORS

December 14, 2007

A monthly meeting of the Board of Directors of the Small Business Loan Fund Corporation was held in public session at the offices of the Rhode Island Economic Development Corporation, 315 Iron Horse Way, Suite 101, Providence, Rhode Island on December 14, 2007 at approximately 9:31 a.m.

Present were Board Members: Raymond Fogarty (Chair), Richard DeMerchant and William Parsons. Mr. Edward Rendine was absent from the meeting. Also present were: Michael Saul, Earl Queenan, Anthony Scolavino, Claudine Tikoian, Alicia Pomfret, staff, along with Thomas V. Moses and Carrie Abatiello, Legal Counsel, and Robert Bromley of the Senate Fiscal Office.

Mr. Fogarty called the meeting to order at 9:39 a.m.

Adoption of Minutes

The first item to come before the Board was consideration for adoption of the Minutes of the Board Meeting held on October 25, 2007. Mr. Parsons made a motion to approve the Public and Executive Session Minutes and Mr. DeMerchant seconded the motion, which was unanimously passed.

Executive Minutes Confidentiality

The second item to come before the Board was the consideration of maintaining the Executive Session Minutes of the October 25, 2007 meeting as confidential.

Mr. Parsons made a motion, Mr. Rendine seconded, and the motion passed unanimously.

Cash Position / Portfolio Activity / Watch List / Forbearance Status Reports as of November 30, 2007

Mr. Scolavino presented the Reports of Cash Position, Portfolio Activity, Watch List and Forbearance Status. There were no questions on the Cash Position or Forbearance Status. Mr. Scolavino addressed Board questions on the Portfolio Activity and Watch List. He discussed the sale of L'Epicureo to the Hotel Providence, and updated the Board on the status of Narragansett Pellet, New England Environmental and Victory Foods. He noted that Alden Yachts is in documentation.

EDA Status Update

For informational purposes, Mr. Scolavino gave a verbal update on

the SBLFC's status with the United States Economic Development Administration. No vote was requested or taken.

Proposed Meeting Schedule for the Calendar Year 2008

Mr. Fogarty presented the meeting schedule. After review, a motion was made by

Mr. DeMerchant, was seconded by Mr. Parsons, and was unanimously approved to accept the Meeting Schedule for the Calendar Year 2008 as presented.

Request to allocate \$100,000 for the RIMES Initiative Fund

After Board consideration and discussion of this requested fund allocation, a motion was made by Mr. Parsons, was seconded by Mr. DeMerchant, and was unanimously adopted to approve the allocation of \$100,000 to establish a consulting fund. Mr. Queenan was instructed to provide a memorandum detailing the program to the Board at its next meeting. The criteria for the fund is as follows:

- 1. The name of the fund will be a "SBLFC Technical Assistance Program".**
- 2. The loans will be unsecured.**
- 3. Loan amounts will be from \$5,000 to \$15,000**
- 4. The repayment term will be 3 (three) years of principal and interest.**
- 5. The interest rate will be 4% (four percent).**
- 6. A listing of approved technical assistance providers will be created annually**

7. Use of funds is for SBLFC approved business consulting services to RI companies for the purpose of encouraging growth and job creation.

8. Authorized signatures will be the same as the Micro Loan Fund, J. Michael Saul plus one of the following staff members: Earl F. Queenan, Jr., Anthony J. Scolavino, or Claudine M. Tikoian, and any one of the SFLFC Board Members.

Withdrawn -- Corporate Resolution authorizing URI Funds to be Allocated to the Capital Access Program

Mr. Scolavino withdrew this request from the agenda.

Other Business -- Board Resolution authorizing the RLF Consolidation Plan

Mr. Scolavino requested a vote to discuss a Board Resolution authorizing the RLF Consolidation Plan. A motion was made by Mr. Parsons, was seconded by

Mr. DeMerchant, and was unanimously approved to discuss the matter. Following review and discussion of the proposed resolution, a motion was made by Mr. Parsons, was seconded by Mr. DeMerchant, and was unanimously adopted to issue a Corporate Resolution authorizing the amendment of the Administrative Plan to combine the Corporation's five grants, including the recently transferred URI grant, into one fund, a copy of which is attached hereto and made a part hereof.

EXECUTIVE SESSION

At 10:12 a.m. Mr. Parsons made a motion to move the next portion of the meeting into Executive Session pursuant to the Rhode Island Open Meetings Law 42-46-5(a)(6) of the General Laws of the State of RI 1956 (1988 Reenactment), as amended. Mr. DeMerchant seconded the motion, which passed unanimously. Mr. Bromley exited the meeting.

Upon a motion made by Mr. Parsons and seconded by Mr. DeMerchant, the Board unanimously voted to return to Public Session at 10:42 a.m. Mr. Bromley returned to the meeting.

Executive Session Vote Ratification

The Board considered ratification of the Executive Session Votes on behalf of:

- 1. American Partners, Inc. to approve their loan request for \$250,000.**
- 2. PSP LLC or Nominee to issue a \$500,000 loan.**

Mr. DeMerchant made a motion to ratify the aforementioned votes, Mr. Parsons seconded the motion, and the motion was passed unanimously.

There being no further business to discuss, upon a motion made by Mr. DeMerchant, and seconded by Mr. Parsons, the Board unanimously voted to adjourn. The meeting concluded at 11:16 a.m.

Respectfully submitted,

Earl F. Queenan, Jr.

Administrator